14 July 1965

Mr. Jefferson Burrus
Bureau of the Budget
Washington, D. C.

Dear Mr. Burrus:

Enclosed herewith are four copies of our proposed report to the Committee on Ways and Means concerning H. R. 8815. I would appreciate it if you would notify [redacted] code [redacted] as soon as clearance is available.

Your assistance in this matter is appreciated.

Sincerely,

SIGNED

[redacted]

Assistant Legislative Counsel

Enclosures--Four

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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

Honorable Wilbur D. Mills
Chairman, Committee on
Ways and Means
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

Reference is made to your request to the Director of Central Intelligence for the views of the Central Intelligence Agency with respect to H.R. 8815, 89th Congress, a bill "Relating to the income tax treatment of disability annuities payable under the Central Intelligence Agency retirement and disability system." The purpose of this amendment is to provide for exclusion from gross income under the Internal Revenue Code of 1954, (IRC, 1954) amounts received as a disability annuity payable under Title II of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, (50 U.S.C. 403 note; 78 Stat. 1043).

The Central Intelligence Agency approves this amendment and regards it as a necessary part of the retirement and disability system established during the last session of Congress for those employees of the Agency who are supporting Agency activities abroad hazardous to life and health, or whose duties are so specialized, because of security requirements, as to be clearly distinguishable from normal Government employment. It is identical with existing law set forth in paragraph (4) of section 104(a) of the IRC, 1954, relating to exclusion from gross income of compensation for injuries and sickness resulting from active service in the armed forces, in Coast and Geodetic Survey, in Public Health or as a disability annuity payable under the provisions of section 831 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1081; 60 Stat. 1021).

With regard to the effective date of the proposed amendment, to relate to taxable years beginning after 31 December 1964, which is set forth in section 1 (b) of the proposed amendment, there are two retirement cases in process at the present time involving possible disability retirement which would be affected by the proposed amendment. These cases would not involve disability annuity payments for periods prior to 1965.

The Bureau of the Budget has advised that they have no objection to the submission of this report from the standpoint of the Administration's program.

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Sincerely,

[redacted]

General Counsel